

# MontLake Abrax Merger Arbitrage UCITS Fund

## Global Merger Arbitrage

September 2019

### Performance Returns

The MontLake Abrax Merger Arbitrage UCITS Fund returned 0.50% for the month of September (USD Institutional Founder Class).

### Investment Objective & Strategy

The MontLake Abrax Merger Arbitrage UCITS Fund is a global merger arbitrage and hard catalyst only focused investment fund managed by a highly experienced team.

Through in-depth research, judicious selection of deals, active trading and disciplined risk management, the Fund is focused on late stage M&A situations with firm merger agreements in place. The Fund only invests in developed markets, with strong regulatory frameworks.

Through selection of the best risk/reward merger arbitrage deals and not taking exposure to special situations or pre-event deals, the MontLake Abrax Merger Arbitrage UCITS Fund has a targeted annual net return of 6 to 8%, with a strong focus on capital preservation with low correlation to the wider equity markets.

### Portfolio Commentary

The positive performance of September was mainly attributed to two positive catalysts in the form of increased offers for two of our larger positions, without any notable negative performers and/or exposure to any of some of the larger US deal situations whose spreads widened significantly during the month.

Notable positive contributors for September were i) Osram Light, the German lights manufacturer, where the Austrian suitor AMS AG increased its take over offer from EUR 38.5 to EUR 41 per share pre-empting a potential interloper bid by a newly reformed PE consortium consisting of Bain Capital and Advent whose firm up revised offer announcement / price strength we used to exit our entire position; ii) Mellanox, whose share price recovered during the month on the back of accelerating news flow that the US and China were making progress in their trade discussions in anticipation of the high level talks between both sides scheduled for early October; iii) Presidio, a PE deal where its UK PE suitor BC Partners was forced to increase the consideration by almost 4% in response to an alternative acquisition proposal received during the deal's long go-shop period; & iv) Versum, on the back of the crucial and last required approvals by both US national interest regulator's CFIUS and China's SAMR for Germany's Merck KGaA deal.

### Market Commentary

With about 2,500 deals worth more than \$300bn, new M&A activity levels remained healthy - albeit at slightly lower levels vs the previous year. For the third quarter, deal makers shook hands on approximately \$740bn worth of transactions bringing the total number of deals this year to \$2.8tn. Despite a lowered interest rate environment and plenty of available corporate cash balances, simmering tensions between US and China on trade and in the UK around Brexit have cast a small shadow over general merger activity. Nevertheless we expect any improved visibility or either resolution on both matters could significantly further prolong one of the strongest and longest deal cycles in history.

Notable deals in the US in September were the acquisition of Dream Global Real Estate by Blackstone Group (\$4bn); Semgroup / Energy Transfer (\$4bn); Alder Biopharma / H Lundbeck (\$1bn); Dova Pharmaceuticals / Swedish Orphan Biovitrum (\$1bn); Revere Bank / Sandy Spring Bancorp (\$0.5bn). Some of the larger firm-announced deals in Europe were; the recommended, revised offer for Osram by AMS (\$5bn); Hembla AB / Vonovia (\$3bn); ADO Group / Adler Real Estate (\$3bn).

### UCITS Monthly Performance (USD Institutional Founder Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	-	-	-	-	-	-	-0.05%	0.68%	0.50%				1.13%

The performance figures quoted above represent the performance of the MontLake Abrax Merger Arbitrage UCITS Fund, USD Inst. Founder class since launch on 24-Jul-2019. These performance figures refer to the past and past performance is not a reliable guide to future performance.

### The Manager



#### Xavier Robinson

Xavier Robinson has been the Manager of the Abrax strategy since 2011. He has almost 25 years experience in M&A Investment Banking and Asset Management with senior roles at Dexia Asset Management, Lehman Brothers, Citigroup and BNP Paribas.

#### Peter Germonpre

Peter Germonpre has 15 years' event driven/merger arbitrage investment experience with senior roles at Halcyon Asset Management, Burren Capital Advisors, Sandell Asset Management and Silver Point Capital.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Strategy AUM	\$60.0 million
Fund AUM	\$18.8 million
Inception	24 <sup>th</sup> July 2019

Share Class	Institutional Class Founder / Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10.00%
Min Init. Sub.	1,000,000
ISIN Codes	USD: IE00BZ00Y245 / IE00BGLJXS63 GBP: IE00BZ01D866 / IE00BZ01D973 EUR: IE00BZ00XN87 / IE00BZ00Y351 CHF: IE00BZ00Y138 / IE00BGLJXR56

Share Class	Institutional Class / Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	15.00%
Min Init. Sub.	100,000

ISIN Codes	USD: IE00BZ00XH28 / IE00BZ00XM70 GBP: IE00BZ00XF04 / IE00BZ00XK56 EUR: IE00BZ00XD89 / IE00BZ00XJ42 CHF: IE00BZ00XG11 / IE00BZ00XL63
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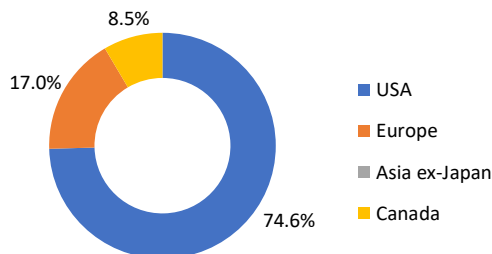
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## Global Merger Arbitrage

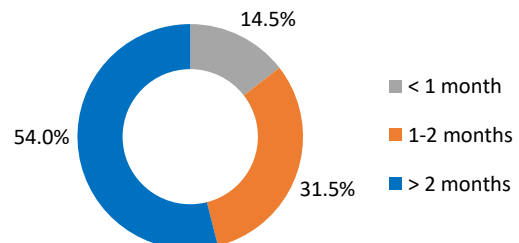
September 2019

### Portfolio Exposure

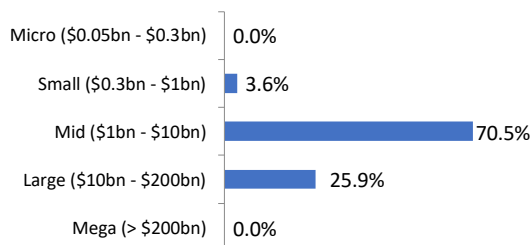
EXPOSURE BY GEOGRAPHY - TARGET



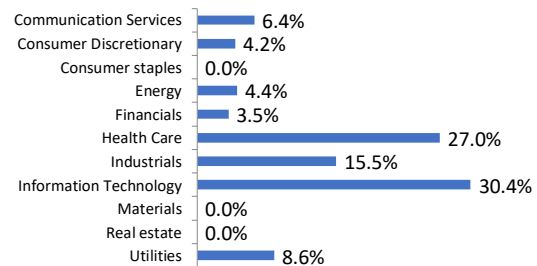
EXPOSURE BY DEAL CLOSING



EXPOSURE BY MARKET CAP



EXPOSURE BY SECTOR



**CURRENT FUND POSITIONING**  
(% of NAV)

Long	90.3%
Short	(-7.0%)
Gross	97.3%
Net	83.3%
Leverage	0.97x

**CONCENTRATION**  
(% of gross exposure)

Top 5 long positions	37.9%
Top 10 long positions	60.5%

**DIRECTION (positions)**

Long	20	New situations	6
Short	3	Situations closed	6

**LIQUIDITY BREAKDOWN**  
(% of gross exposure)

< 1 day	100.00%
2-5 days	0.0%
6-10 days	0.0%
11-20 days	0.0%
> 20 days	0.0%

### Contact Details

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### Disclaimer

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